

direction and instruction. The book is divided into two parts. In Part I hints are furnished for the help of the investor before he decides upon an investment, and during the continuance of his holding. Hints are too frequently provided in such general terms as to be practically useless: an effort has here been made, founded upon experience, to express and enforce the suggestions in a concrete and workable shape. In times of great fluctuations in prices, the investor frequently loses his judgment, particularly when a general feeling of want of commercial confidence occurs. No emotion spreads and deepens more rapidly and unreasonably by contagion than fear when it is shared with a multitude. The apprehension aroused in each person is intensified by the similar feeling experienced and expressed by his neighbours, and his own apprehension reacts by expanding and confirming theirs; feeling then suppresses thought, and panic takes the place of rational order; losses, which a little calmness and reflection would have saved, are incurred by the reckless and reasonless sale of securities, as though the end of all stable ventures had arrived; and foolish sales engender sales still more foolish. It is probably not far from the truth to affirm that greater losses of money have arisen from the absence of sobriety of judgment produced by meaningless panics than from injudicious investments themselves.

Part II, then, is intended, by showing the *causes* of these changes of value, and the periodical character of their occurrence and disappearance, to enable the investor to maintain his steadiness of mind, and thus to save his money. Nothing so fully allays terror and fearful expectations, with their unhappy consequences, both in financial affairs and in the ordinary experiences of life, as a simple and rational explanation of causes, and the remembrance of the fact, of which all history is vocal, that these causes are not exceptional and peculiar to any stated time, but appear and vanish in almost orderly succession.

Other chapters deal in a similarly practical manner with subjects connected with securities and finance

generally, which the investor should be acquainted with in an elementary way; with the prudent distribution of his savings over various classes of investments, of which examples are supplied; and with the